S. RES. 459

At the request of Mr. LUGAR, the name of the Senator from South Carolina (Mr. GRAHAM) was added as a cosponsor of S. Res. 459, a resolution expressing the strong support of the Senate for the North Atlantic Treaty Organization to extend invitations for membership to Albania, Croatia, and Macedonia at the April 2008 Bucharest Summit, and for other purposes.

S. RES. 463

At the request of Mr. MENENDEZ, the names of the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Iowa (Mr. HARKIN), the Senator from Iowa (Mr. GRASSLEY) and the Senator from Pennsylvania (Mr. CASEY) were added as cosponsors of S. Res. 463, a resolution congratulating Vivian Stringer on winning 800 games in women's college basketball.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MCCONNELL (for himself, Mr. ALEXANDER, Mr. ALLARD, Mr. BOND, Mr. BUNNING, Mr. CORNYN, Mr. CRAIG, Mrs. DOLE, Mr. ENZI, Mr. GRASSLEY, Mr. GREGG, Mrs. HUTCHISON, Mr. INHOFE, Mr. ISAKSON, Mr. ROBERTS, and Mr. HATCH):

S. 12. A bill to promote home ownership, manufacturing, and economic growth; read the first time.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be placed in the RECORD, as follows:

S. 12

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Homeownership, Manufacturing, and Economic Growth Act'' or the ''HOME Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

TITLE I—KEEPING TAXES LOW

SEC. 100. AMENDMENT TO 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Extension of Expiring Provisions

PART I—INDIVIDUAL TAX PROVISIONS

Subpart A—Provisions Expiring in 2007

SEC. 101. NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION OF CREDIT.—Section 25C(g) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 102. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF THE EARNED INCOME CREDIT.

(a) IN GENERAL.—Subclause (II) of section 32(c)(2)(B)(vi) (defining earned income) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) CONFORMING AMENDMENT.—Paragraph (4) of section 6428, as amended by the Economic Stimulus Act of 2008, is amended to read as follows:

''(4) EARNED INCOME.—The term 'earned income' has the meaning set forth in section 32(c)(2) except that such term shall not include net earnings from self-employment which are not taken into account in computing taxable income.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2007.

SEC. 103. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain expenses of elementary and secondary school teachers) is amended by striking ''or 2007'' and inserting ''2007, 2008, or 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 104. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.

(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking ''December 31, 2007'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.

SEC. 105. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.

(a) QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.—Subparagraph (D) of section 143(d)(2) (relating to exceptions) is amended by inserting ''and after the date of the enactment of the HOME Act and before January 1, 2010'' after ''January 1, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 106. DEDUCTION FOR STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 107. ARCHER MSAS.

(a) IN GENERAL.—Subsection (i) of section 220 (relating to limitation on number of taxpayers having Archer MSAs) is amended—

(1) by striking ''2007'' each place it appears in paragraphs (2) and (3)(B) and inserting ''2009'',

(2) by striking ''2007'' in the heading of paragraph (3)(B) and inserting ''2009''.

(b) CONFORMING AMENDMENTS.—Subsection (j) of section 220 is amended—

(1) by striking ''or 2006'' each place it appears in paragraph (2) and inserting ''2006, 2007, or 2008'',

(2) by striking ''OR 2006'' in the heading for paragraph (2) and inserting ''2006, 2007, OR 2008'', and

(3) by striking ''and 2006'' in paragraph (4) and inserting ''2006, 2007, and 2008''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after December 31, 2007.

SEC. 108. DEDUCTION OF QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 109. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years beginning after December 31, 2007.

SEC. 110. STOCK IN RIC FOR PURPOSES OF DETERMINING ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) (relating to stock in a RIC) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to decedents dying after December 31, 2007.

Subpart B—Provisions Expiring in 2008

SEC. 111. RESIDENTIAL ENERGY EFFICIENT PROPERTY.

Subsection (g) of section 25D (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

PART II—BUSINESS TAX PROVISIONS

Subpart A—Provisions Expiring in 2007

SEC. 121. RESEARCH ACTIVITIES.

(a) IN GENERAL.—Section 41(h) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009'' in paragraph (1)(B).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after December 31, 2007.

SEC. 122. INDIAN EMPLOYMENT CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 123. RAILROAD TRACK MAINTENANCE.

(a) IN GENERAL.—Subsection (f) of section 45G (relating to application of section) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures paid or incurred during taxable years beginning after December 31, 2007.

SEC. 124. PRODUCTION OF FUEL FROM A NONCONVENTIONAL SOURCE AT CERTAIN FACILITIES.

(a) IN GENERAL.—Subsection (f)(1)(B) of section 45K (relating to extension for certain facilities) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to fuels produced and sold after December 31, 2007.

SEC. 125. ENERGY EFFICIENT APPLIANCES.

(a) IN GENERAL.—Subsection (b) of section 45M (relating to applicable amount) is amended by striking ''calendar year 2006 or 2007'' each place it appears in paragraphs (1)(A)(i), (1)(B)(i), (1)(C)(ii)(I), and (1)(C)(iii)(I), and inserting ''calendar year 2006, 2007, 2008, or 2009''.

(b) RESTART OF CREDIT LIMITATION.—Paragraph (1) of section 45M(e) (relating to aggregate credit amount allowed) is amended by inserting ''beginning after December 31, 2007'' after ''for all prior taxable years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

SEC. 126. 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS.

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007.

SEC. 127. SEVEN-YEAR COST RECOVERY PERIOD FOR MOTORSPORTS RACING TRACK FACILITY.

(a) IN GENERAL.—Subparagraph (D) of section 168(i)(15) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 128. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATION.

(a) IN GENERAL.—Paragraph (8) of section 168(j) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 129. QUALIFIED CONSERVATION CONTRIBUTIONS.

(a) IN GENERAL.—Clause (vi) of section 170(b)(1)(E) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) CONTRIBUTIONS BY CORPORATE FARMERS AND RANCHERS.—Clause (iii) of section 170(b)(2)(B) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2007.

SEC. 130. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 131. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(D) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) CLERICAL AMENDMENT.—Clause (iii) of section 170(e)(3)(D) (relating to certification by donee) is amended by inserting ''of books'' after ''to any contribution''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2007.

SEC. 132. ENHANCED CHARITABLE DEDUCTION FOR CORPORATE CONTRIBUTIONS OF COMPUTER EQUIPMENT FOR EDUCATIONAL PURPOSES.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2007.

SEC. 133. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures paid or incurred after December 31, 2007.

SEC. 134. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subparagraph (C) of section 199(d)(8) (relating to termination) is amended—

(1) by striking ''first 2 taxable years'' and inserting ''first 4 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 135. SPECIAL RULE FOR SALES OR DISPOSITIONS TO IMPLEMENT FERC OR STATE ELECTRIC RESTRUCTURING POLICY.

(a) IN GENERAL.—Paragraph (3) of section 451(i) (relating to qualifying electric transmission transaction) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions occurring after December 31, 2007.

SEC. 136. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments received or accrued after December 31, 2007.

SEC. 137. SUSPENSION OF TAXABLE INCOME LIMIT WITH RESPECT TO MARGINAL WELLS.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) (relating to temporary suspension of taxable income limit with respect to marginal production) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 138. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) (defining interest-related dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) (defining short-term capital gain dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(c) DISPOSITION OF INVESTMENT IN UNITED STATES REAL PROPERTY.—Clause (ii) of section 897(h)(4)(A) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to dividends with respect to taxable years of regulated investment companies beginning after December 31, 2007.

SEC. 139. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) (relating to decreases in basis) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2007.

SEC. 140. EXTENSION OF QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking ''and 2007'' and inserting ''2007, 2008, and 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 141. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF D.C. ENTERPRISE ZONE.—Subsection (f) of section 1400 (relating to time for which designation applicable) is amended by striking ''December 31, 2007'' each place it appears in paragraphs (1) and (2) and inserting ''December 31, 2009''.

(b) TAX-EXEMPT D.C. EMPOWERMENT ZONE BONDS.—Subsection (b) of section 1400A (relating to period of applicability) is amended by inserting '', and after the date of the enactment of the HOME Act and before December 31, 2009'' after ''December 31, 2007''.

(c) ACQUISITION DATE FOR ELIGIBILITY FOR ZERO-PERCENT CAPITAL GAINS RATE FOR INVESTMENT IN D.C..—Subsection (b) of section 1400B (relating to D.C. zone asset) is amended by striking ''January 1, 2008'' each place it appears in paragraphs (2)(A)(i), (3)(A), (4)(A)(i), and (4)(B)(i)(I) and inserting ''January 1, 2010''.

(d) TAX CREDIT FOR FIRST-TIME D.C. HOMEBUYERS.—Subsection (i) of section 1400C (relating to application of section) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after December 31, 2007.

SEC. 142. 0.2 PERCENT FUTA SURTAX.

(a) IN GENERAL.—Section 3301 (relating to rate of tax) is amended—

(1) by striking ''through 2007'' in paragraph (1) and inserting ''through 2009'', and

(2) by striking ''calendar year 2008'' in paragraph (2) and inserting ''calendar year 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid after December 31, 2007.

Subpart B—Provisions Expiring in 2008

SEC. 146. BIODIESEL AND RENEWABLE DIESEL USED AS FUEL.

Subsection (g) of section 40A (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 147. ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES; PRODUCTION OF REFINED COAL AND INDIAN COAL.

Section 45(d) (relating to qualified facilities) is amended by striking ''January 1, 2009'' each place it appears in paragraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), and (10) and inserting ''January 1, 2010''.

SEC. 148. NEW MARKETS TAX CREDIT.

Subparagraph (D) of section 45D(f)(1) (relating to national limitation on amount of investments designated) is amended by striking ''and 2008'' and inserting ''2008, and 2009''.

SEC. 149. EXTENSION OF NEW ENERGY EFFICIENT HOME CREDIT.

Subsection (g) of section 45L (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 150. EXTENSION OF MINE RESCUE TEAM TRAINING CREDIT.

Section 45N(e) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 151. EXTENSION OF ENERGY CREDIT.

(a) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating to energy credit) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(b) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) (relating to qualified fuel cell property) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(c) MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) (relating to qualified microturbine property) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 152. 5-YEAR NOL CARRYBACK FOR CERTAIN ELECTRIC UTILITY COMPANIES.

Subparagraph (I)(i) of section 172(b)(1) (relating to transmission property and pollution control investment) is amended—

(1) by striking ''January 1, 2009'' and inserting ''January 1, 2010'', and

(2) by striking ''January 1, 2006'' and inserting ''January 1, 2007''.

SEC. 153. EXTENSION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Section 179D(h) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 192. MAXIMUM CORPORATE INCOME TAX RATE REDUCED TO 25 PERCENT.

(a) IN GENERAL.—Paragraph (1) of section 11(b) (relating to amount of tax on corporations) is amended to read as follows:

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) shall be the sum of—

''(A) 15 percent of so much of the taxable income as does not exceed $50,000, and

''(B) 25 percent of so much of the taxable income as exceeds $50,000.''.

(b) PERSONAL SERVICE CORPORATIONS.—Paragraph (2) of section 11(b) is amended by striking ''35 percent'' and inserting ''25 percent''.

(c) CONFORMING AMENDMENTS.—Paragraphs (1) and (2) of section 1445(e) are each amended by striking ''35 percent'' and inserting ''25 percent''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008, except that the amendments made by subsection (c) shall take effect on January 1, 2009.

SEC. 193. 3-YEAR CARRYBACK OF CERTAIN CREDITS.

(a) GENERAL BUSINESS CREDIT.—Subsection (a) of section 39 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR 2007, 2008, AND 2009.—In the case of an excess described in paragraph (1) arising in a taxable year beginning in 2007, 2008, or 2009—

''(A) paragraph (1)(A) shall be applied by substituting 'each of the 3 taxable years' for ''the taxable year',

''(B) paragraphs (2)(A) and (3)(C)(i) shall each be applied by substituting '23 taxable years' for '21 taxable years',

''(C) paragraphs (2)(B) and (3)(C)(ii) shall be applied by substituting '23 taxable years' for '20 taxable years'.''.

(b) FOREIGN TAX CREDIT.—

(1) IN GENERAL.—Section 904(c) is amended by adding at the end thereof the following: ''In the case of taxable years beginning in 2007, 2008, or 2009, the first sentence of this subsection shall, at the election of the taxpayer, be applied by substituting 'in the third preceding taxable year, the second preceding taxable year, the first preceding taxable year' for 'the first preceding taxable year'.''.

(2) APPLICATION OF SPECIAL REFUND RULES.—Section 6411 (relating to tentative carryback and refund adjustments) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) APPLICATION TO FOREIGN TAX CREDIT CARRYBACK.—Under rules prescribed by the Secretary, in the case of taxable years beginning in 2007, 2008, and 2009, this section shall apply with respect to a foreign tax credit carryback provided in section 904(c) in the same manner as this section applies with respect to net operating loss carrybacks provided in section 172(b), business credit carrybacks provided in section 39, and capital loss carrybacks provided in subsection (a)(1) or (c) of section 1212.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to general business credits and foreign tax credits arising in taxable years beginning after December 31, 2006.

SEC. 194. ELECTION TO ACCELERATE AMT AND R AND D CREDITS IN LIEU OF BONUS DEPRECIATION.

(a) IN GENERAL.—Section 168(k) is amended by adding at the end the following new paragraph:

''(4) ELECTION TO ACCELERATE AMT AND R AND D CREDITS IN LIEU OF BONUS DEPRECIATION.—

''(A) IN GENERAL.—If a corporation elects to have this paragraph apply —

''(i) no additional depreciation shall be allowed under paragraph (1) for any property placed in service during the taxable year, and

''(ii) the limitations described in subparagraph (B) for such taxable year shall be increased by an aggregate amount not in excess of the bonus depreciation amount for such taxable year.

''(B) LIMITATIONS TO BE INCREASED.—The limitations described in this subparagraph are—

''(i) the limitation under section 38(c), and

''(ii) the limitation under section 53(c).

''(C) BONUS DEPRECIATION AMOUNT.—For purposes of this paragraph—

''(i) IN GENERAL.—The bonus depreciation amount for any taxable year is an amount equal to the product of the applicable percentage and the excess (if any) of—

''(I) the aggregate amount of depreciation which would be determined under this section for property placed in service during the taxable year if no election under this paragraph were made, over

''(II) the aggregate amount of depreciation allowable under this section for property placed in service during the taxable year.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage shall be—

''(I) 30 percent in the case of the limitation under section 38(c), and

''(II) 20 percent in the case of the limitation under section 53(c).

''(D) ALLOCATION OF BONUS DEPRECIATION AMOUNTS.—

''(i) IN GENERAL.—Subject to clauses (ii) and (iii), the taxpayer shall, at such time and in such manner as the Secretary may prescribe, specify the portion (if any) of the bonus depreciation amount which is to be allocated to each of the limitations described in subparagraph (B).

''(ii) BUSINESS CREDIT LIMITATION.—The portion of the bonus depreciation amount allocated to the limitation described in subparagraph (B)(i) shall not exceed an amount equal to the portion of the credit allowable under section 38 for the taxable year which is allocable to business credit carryforwards to such taxable year which are—

''(I) from taxable years beginning before January 1, 2006, and

''(II) properly allocable (determined under the rules of section 38(d)) to the research credit determined under section 41(a).

''(iii) ALTERNATIVE MINIMUM TAX CREDIT LIMITATION.—The portion of the bonus depreciation amount allocated to the limitation described in subparagraph (B)(ii) shall not exceed an amount equal to the portion of the minimum tax credit allowable under section 53 for the taxable year which is allocable to the adjusted minimum tax imposed for taxable years beginning before January 1, 2006.

''(E) CREDIT REFUNDABLE.—Any aggregate increases in the credits allowed under section 38 or 53 by reason of this paragraph shall, for purposes of this title, be treated as a credit allowed to the taxpayer under subpart C of part IV of subchapter A.

''(F) OTHER RULES.—

''(i) ELECTION.—Any election under this paragraph (including any allocation under subparagraph (D)) may be revoked only with the consent of the Secretary.

''(ii) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.—Notwithstanding this paragraph, paragraph (2)(G) shall apply with respect to the deduction computed under this section (after application of this paragraph) with respect to property placed in service during any applicable taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007, in taxable years ending after such date.

SEC. 195. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by redesignating section 1023 as section 1024 and by inserting after section 1022 the following new section:

''SEC. 1023. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

''(a) GENERAL RULE.—

''(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Solely for purposes of determining gain or loss on the sale or other disposition by a taxpayer (other than a corporation) of an indexed asset which has been held for more than 3 years, the indexed basis of the asset shall be substituted for its adjusted basis.

''(2) EXCEPTION FOR DEPRECIATION, ETC.—The deductions for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

''(3) WRITTEN DOCUMENTATION REQUIREMENT.—Paragraph (1) shall apply only with respect to indexed assets for which the taxpayer has written documentation of the original purchase price paid or incurred by the taxpayer to acquire such asset.

''(b) INDEXED ASSET.—

''(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

''(A) common stock in a C corporation (other than a foreign corporation), or

''(B) tangible property,

which is a capital asset or property used in the trade or business (as defined in section 1231(b)).

''(2) STOCK IN CERTAIN FOREIGN CORPORATIONS INCLUDED.—For purposes of this section—

''(A) IN GENERAL.—The term 'indexed asset' includes common stock in a foreign corporation which is regularly traded on an established securities market.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to—

''(i) stock in a passive foreign investment company (as defined in section 1296), and

''(ii) stock in a foreign corporation held by a United States person who meets the requirements of section 1248(a)(2).

''(C) TREATMENT OF AMERICAN DEPOSITORY RECEIPTS.—An American depository receipt for common stock in a foreign corporation shall be treated as common stock in such corporation.

''(c) INDEXED BASIS.—For purposes of this section—

''(1) GENERAL RULE.—The indexed basis for any asset is—

''(A) the adjusted basis of the asset, increased by

''(B) the applicable inflation adjustment.

''(2) APPLICABLE INFLATION ADJUSTMENT.—The applicable inflation adjustment for any asset is an amount equal to—

''(A) the adjusted basis of the asset, multiplied by

''(B) the percentage (if any) by which—

''(i) the gross domestic product deflator for the last calendar quarter ending before the asset is disposed of, exceeds

''(ii) the gross domestic product deflator for the last calendar quarter ending before the asset was acquired by the taxpayer.

The percentage under subparagraph (B) shall be rounded to the nearest ⅒ of 1 percentage point.

''(3) GROSS DOMESTIC PRODUCT DEFLATOR.—The gross domestic product deflator for any calendar quarter is the implicit price deflator for the gross domestic product for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

''(d) SUSPENSION OF HOLDING PERIOD WHERE DIMINISHED RISK OF LOSS; TREATMENT OF SHORT SALES.—

''(1) IN GENERAL.—If the taxpayer (or a related person) enters into any transaction which substantially reduces the risk of loss from holding any asset, such asset shall not be treated as an indexed asset for the period of such reduced risk.

''(2) SHORT SALES.—

''(A) IN GENERAL.—In the case of a short sale of an indexed asset with a short sale period in excess of 3 years, for purposes of this title, the amount realized shall be an amount equal to the amount realized (determined without regard to this paragraph) increased by the applicable inflation adjustment. In applying subsection (c)(2) for purposes of the preceding sentence, the date on which the property is sold short shall be treated as the date of acquisition and the closing date for the sale shall be treated as the date of disposition.

''(B) SHORT SALE PERIOD.—For purposes of subparagraph (A), the short sale period begins on the day that the property is sold and ends on the closing date for the sale.

''(e) TREATMENT OF REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

''(1) ADJUSTMENTS AT ENTITY LEVEL.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the adjustment under subsection (a) shall be allowed to any qualified investment entity (including for purposes of determining the earnings and profits of such entity).

''(B) EXCEPTION FOR CORPORATE SHAREHOLDERS.—Under regulations—

''(i) in the case of a distribution by a qualified investment entity (directly or indirectly) to a corporation—

''(I) the determination of whether such distribution is a dividend shall be made without regard to this section, and

''(II) the amount treated as gain by reason of the receipt of any capital gain dividend shall be increased by the percentage by which the entity's net capital gain for the taxable year (determined without regard to this section) exceeds the entity's net capital gain for such year determined with regard to this section, and

''(ii) there shall be other appropriate adjustments (including deemed distributions) so as to ensure that the benefits of this section are not allowed (directly or indirectly) to corporate shareholders of qualified investment entities.

For purposes of the preceding sentence, any amount includible in gross income under section 852(b)(3)(D) shall be treated as a capital gain dividend and an S corporation shall not be treated as a corporation.

''(C) EXCEPTION FOR QUALIFICATION PURPOSES.—This section shall not apply for purposes of sections 851(b) and 856(c).

''(D) EXCEPTION FOR CERTAIN TAXES IMPOSED AT ENTITY LEVEL.—

''(i) TAX ON FAILURE TO DISTRIBUTE ENTIRE GAIN.—If any amount is subject to tax under section 852(b)(3)(A) for any taxable year, the amount on which tax is imposed under such section shall be increased by the percentage determined under subparagraph (B)(i)(II). A similar rule shall apply in the case of any amount subject to tax under paragraph (2) or (3) of section 857(b) to the extent attributable to the excess of the net capital gain over the deduction for dividends paid determined with reference to capital gain dividends only. The first sentence of this clause shall not apply to so much of the amount subject to tax under section 852(b)(3)(A) as is designated by the company under section 852(b)(3)(D).

''(ii) OTHER TAXES.—This section shall not apply for purposes of determining the amount of any tax imposed by paragraph (4), (5), or (6) of section 857(b).

''(2) ADJUSTMENTS TO INTERESTS HELD IN ENTITY.—

''(A) REGULATED INVESTMENT COMPANIES.—Stock in a regulated investment company (within the meaning of section 851) shall be an indexed asset for any calendar quarter in the same ratio as—

''(i) the average of the fair market values of the indexed assets held by such company at the close of each month during such quarter, bears to

''(ii) the average of the fair market values of all assets held by such company at the close of each such month.

''(B) REAL ESTATE INVESTMENT TRUSTS.—Stock in a real estate investment trust (within the meaning of section 856) shall be an indexed asset for any calendar quarter in the same ratio as—

''(i) the fair market value of the indexed assets held by such trust at the close of such quarter, bears to

''(ii) the fair market value of all assets held by such trust at the close of such quarter.

''(C) RATIO OF 80 PERCENT OR MORE.—If the ratio for any calendar quarter determined under subparagraph (A) or (B) would (but for this subparagraph) be 80 percent or more, such ratio for such quarter shall be 100 percent.

''(D) RATIO OF 20 PERCENT OR LESS.—If the ratio for any calendar quarter determined under subparagraph (A) or (B) would (but for this subparagraph) be 20 percent or less, such ratio for such quarter shall be zero.

''(E) LOOK-THRU OF PARTNERSHIPS.—For purposes of this paragraph, a qualified investment entity which holds a partnership interest shall be treated (in lieu of holding a partnership interest) as holding its proportionate share of the assets held by the partnership.

''(3) TREATMENT OF RETURN OF CAPITAL DISTRIBUTIONS.—Except as otherwise provided by the Secretary, a distribution with respect to stock in a qualified investment entity which is not a dividend and which results in a reduction in the adjusted basis of such stock shall be treated as allocable to stock acquired by the taxpayer in the order in which such stock was acquired.

''(4) QUALIFIED INVESTMENT ENTITY.—For purposes of this subsection, the term 'qualified investment entity' means—

''(A) a regulated investment company (within the meaning of section 851), and

''(B) a real estate investment trust (within the meaning of section 856).

''(f) OTHER PASS-THRU ENTITIES.—

''(1) PARTNERSHIPS.—

''(A) IN GENERAL.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

''(B) SPECIAL RULE IN THE CASE OF SECTION 754 ELECTIONS.—In the case of a transfer of an interest in a partnership with respect to which the election provided in section 754 is in effect—

''(i) the adjustment under section 743(b)(1) shall, with respect to the transferor partner, be treated as a sale of the partnership assets for purposes of applying this section, and

''(ii) with respect to the transferee partner, the partnership's holding period for purposes of this section in such assets shall be treated as beginning on the date of such adjustment.

''(2) S CORPORATIONS.—In the case of an S corporation, the adjustment made under subsection (a) at the corporate level shall be passed through to the shareholders. This section shall not apply for purposes of determining the amount of any tax imposed by section 1374 or 1375.

''(3) COMMON TRUST FUNDS.—In the case of a common trust fund, the adjustment made under subsection (a) at the trust level shall be passed through to the participants.

''(4) INDEXING ADJUSTMENT DISREGARDED IN DETERMINING LOSS ON SALE OF INTEREST IN ENTITY.—Notwithstanding the preceding provisions of this subsection, for purposes of determining the amount of any loss on a sale or exchange of an interest in a partnership, S corporation, or common trust fund, the adjustment made under subsection (a) shall not be taken into account in determining the adjusted basis of such interest.

''(g) DISPOSITIONS BETWEEN RELATED PERSONS.—

''(1) IN GENERAL.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

''(2) RELATED PERSONS DEFINED.—For purposes of this section, the term 'related persons' means—

''(A) persons bearing a relationship set forth in section 267(b), and

''(B) persons treated as single employer under subsection (b) or (c) of section 414.

''(h) TRANSFERS TO INCREASE INDEXING ADJUSTMENT.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is to secure or increase an adjustment under subsection (a), the Secretary may disallow part or all of such adjustment or increase.

''(i) SPECIAL RULES.—For purposes of this section—

''(1) TREATMENT OF IMPROVEMENTS, ETC.—If there is an addition to the adjusted basis of any tangible property or of any stock in a corporation during the taxable year by reason of an improvement to such property or a contribution to capital of such corporation—

''(A) such addition shall never be taken into account under subsection (c)(1)(A) if the aggregate amount thereof during the taxable year with respect to such property or stock is less than $1,000, and

''(B) such addition shall be treated as a separate asset acquired at the close of such taxable year if the aggregate amount thereof during the taxable year with respect to such property or stock is $1,000 or more.

A rule similar to the rule of the preceding sentence shall apply to any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

''(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—The applicable inflation adjustment shall be appropriately reduced for periods during which the asset was not an indexed asset.

''(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

''(4) SECTION CANNOT INCREASE ORDINARY LOSS.—To the extent that (but for this paragraph) this section would create or increase a net ordinary loss to which section 1231(a)(2) applies or an ordinary loss to which any other provision of this title applies, such provision shall not apply. The taxpayer shall be treated as having a long-term capital loss in an amount equal to the amount of the ordinary loss to which the preceding sentence applies.

''(5) ACQUISITION DATE WHERE THERE HAS BEEN PRIOR APPLICATION OF SUBSECTION (a)(1) WITH RESPECT TO THE TAXPAYER.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not

earlier than the date of the most recent such prior application.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by striking the item relating to section 1023 and by inserting after the item relating to section 1022 the following new item:

''Sec. 1023. Indexing of certain assets for purposes of determining gain or loss.
''Sec. 1024. Cross references.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and other dispositions of indexed assets after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 196. DEFERRAL OF GAIN ON SALE OF CERTAIN PRINCIPAL RESIDENCES.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 of subtitle A (relating to common nontaxable exchanges) is amended by inserting after section 1033 the following new section:

''SEC. 1034. DEFERRAL OF GAIN ON SALE OF CERTAIN PRINCIPAL RESIDENCES.

''(a) DEFERRAL OF GAIN.—

''(1) IN GENERAL.—In the case of a sale of a principal residence by a taxpayer, the taxpayer's gain (if any) from such sale shall be recognized only to the extent that the taxpayer's adjusted sales price exceeds the taxpayer's cost of purchasing a qualified residence.

''(2) REDUCTION OF BASIS IN QUALIFIED RESIDENCE.—In the case of a nonrecognition of gain on the sale of a principal residence due to the purchase of a qualified residence under paragraph (1), the taxpayer's basis in the qualified residence shall be reduced by the amount of such gain.

''(b) DEFINITIONS.—

''(1) ADJUSTED SALES PRICE.—

''(A) IN GENERAL.—For purposes of this section, the term 'adjusted sales price' means the amount realized, reduced by the aggregate of the expenses for work performed on a principal residence in order to assist in its sale.

''(B) LIMITATION.—The reduction provided in subparagraph (A) applies only to expenses—

''(i) for work performed during the 90-day period ending on the day on which the contract to sell the principal residence is entered into,

''(ii) which are paid on or before the 30th day after the date of the sale of the principal residence, and

''(iii) which are—

''(I) not allowable as deductions in computing taxable income under section 63, and

''(II) not taken into account in computing the amount realized from the sale of the principal residence.

''(2) QUALIFIED RESIDENCE.—For purposes of this section, the term 'qualified residence' means property that is—

''(A) purchased by the taxpayer for use as a principal residence, and

''(B) purchased during the period beginning 2 years before the date of the sale of the taxpayer's previous principal residence and ending 2 years after the date of such sale.

''(c) APPLICATION OF SECTION.—For purposes of this section:

''(1) EXCHANGE OF RESIDENCE FOR PROPERTY.—An exchange by the taxpayer of a principal residence for other property shall be treated as a sale of such residence, and the acquisition of a qualified residence on the exchange of property shall be treated as a purchase of such residence.

''(2) CONSTRUCTION OF RESIDENCE.—A qualified residence any part of which was constructed or reconstructed by the taxpayer shall be treated as purchased by the taxpayer. In determining the taxpayer's cost of purchasing a qualified residence, there shall be included only so much of such cost as is attributable to the acquisition, construction, reconstruction, and improvements made which are properly chargeable to capital account, during the period specified in subsection (b)(2)(B).

''(3) SALE OF NEW RESIDENCE PRIOR TO SALE OF PRINCIPAL RESIDENCE.—If a residence is purchased by the taxpayer before the date of the sale of the taxpayer's principal residence, such purchased residence shall not be a qualified residence under this section if such residence is sold or otherwise disposed of by the taxpayer before the date of the sale of the taxpayer's principal residence.

''(4) MULTIPLE PRINCIPAL RESIDENCES.—If the taxpayer, during the period described in subsection (b)(2)(B), purchases more than 1 residence which is used as the taxpayer's principal residence at some time during the 2 years after the date of the sale of a principal residence for which gain is deferred under this section, only the last of such residences so used by the taxpayer within such 2 years shall be a qualified residence under this section. If a qualified residence is sold in a sale to which subsection (d)(2) applies within 2 years after the sale of the taxpayer's previous principal residence, for purposes of applying the preceding sentence with respect to such principal residence, the qualified residence sold shall be treated as the last residence used during such 2-year period.

''(d) LIMITATION.—

''(1) IN GENERAL.—Subsection (a) shall not apply with respect to the sale of the taxpayer's principal residence if within 2 years before the date of such sale the taxpayer sold at a gain other property used by him as his principal residence, and any part of such gain was deferred by reason of subsection (a).

''(2) SUBSEQUENT SALE CONNECTED WITH NEW PRINCIPAL PLACE OF WORK.—Paragraph (1) shall not apply with respect to the sale of the taxpayer's principal residence if—

''(A) such sale was in connection with the commencement of work by the taxpayer (or the taxpayer's spouse, if such spouse has the same principal residence as the taxpayer) as an employee or as a self-employed individual at a new principal place of work, and

''(B) the taxpayer would satisfy the conditions of section 217(c) if the principal residence so sold were treated as the former residence for purposes of section 217.

''(e) TENANT-STOCKHOLDER IN A COOPERATIVE HOUSING CORPORATION.—For purposes of this section, references to property used by the taxpayer as a principal residence shall include stock held by a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as so defined) if—

''(1) in the case of stock sold, the house or apartment which the taxpayer was entitled to occupy as such stockholder was used by the taxpayer as a principal residence, and

''(2) in the case of stock purchased, the taxpayer used as a principal residence the house or apartment which the taxpayer was entitled to occupy as such stockholder.

''(f) JOINT OWNERSHIP.—In the case of a residence jointly owned and used as a principal residence by 1 or more taxpayers, or by a married couple filing separately, the gain (if any) from the sale of such principal residence which may be deferred under subsection (a) shall be allocated among such taxpayers according to regulations which shall be prescribed by the Secretary.

''(g) MEMBERS OF THE ARMED FORCES.—

''(1) IN GENERAL.—The running of any period of time specified in subsection (b)(2)(B) or (c) (other than the 2 years referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or the taxpayer's spouse, if such spouse has the same principal residence as the taxpayer) serves on extended active duty with the Armed Forces of the United States after the date of the sale of the principal residence for which gain is deferred under this section, except that any period of time so suspended shall not extend beyond the date that is 4 years after the date of sale of such principal residence.

''(2) MEMBERS STATIONED OUTSIDE THE UNITED STATES OR REQUIRED TO RESIDE IN GOVERNMENT QUARTERS.—In the case of a taxpayer (or the taxpayer's spouse, if such spouse has the same principal residence as the taxpayer) who, during any period of time the running of which is suspended under paragraph (1)—

''(A) is stationed outside the United States, or

''(B) after returning from a tour of duty outside of the United States and pursuant to a determination by the Secretary of Defense that adequate off-base housing is not available at a remote base site, is required to reside in on-base Government quarters,

any period of time so suspended shall not expire before the day that is 1 year after the last day that such taxpayer or spouse is so stationed or under such requirement, except that any period so suspended shall not extend beyond the date which is 8 years after the date of the sale of the principal residence.

''(h) INDIVIDUAL WHOSE TAX HOME IS OUTSIDE THE UNITED STATES.—The running of any period of time specified in subsection (b)(2)(B) or (c) (other than the 2 years referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or the taxpayer's spouse, if such spouse has the same principal residence as the taxpayer) has a tax home (as defined in section 911(d)(3)) outside the United States after the date of the sale of the principal residence for which gain is deferred under this section, except that any period of time so suspended shall not extend beyond the date that is 4 years after the date of sale of such principal residence.

''(i) SPECIAL RULE FOR CONDEMNATION.—In the case of the seizure, requisition, or condemnation of a principal residence, or the sale or exchange of a principal residence under threat or imminence thereof, the taxpayer may elect to have this section apply in lieu of section 1033. If such election is made, such seizure, requisition, or condemnation shall be treated as the sale of the principal residence. Such election shall be made at such time and in such manner as the Secretary shall prescribe.

''(j) STATUTE OF LIMITATIONS.—In the case of any sale of a principal residence that results in gain—

''(1) the statutory period for the assessment of any deficiency attributable to any part of such gain shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary shall prescribe) of—

''(A) the taxpayer's cost of purchasing any qualified residence which results in nonrecognition of such gain,

''(B) the taxpayer's intention not to purchase such a qualified residence during the period specified in subsection (b)(2)(B), or

''(C) a failure to make such a purchase within such period, and

''(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

''(k) APPLICATION OF EXCLUSION ON THE SALE OF A PRINCIPAL RESIDENCE.—In the case

of a sale of a principal residence by a taxpayer to which section 121 applies, the amount of the gain on such sale that may be deferred under subsection (a) of this section shall be reduced by the amount of gain on such sale that is excluded from gross income under section 121(a).''.

(b) CONFORMING AMENDMENTS.—

(1) COORDINATION WITH SECTION 121.—

(A) Section 121 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new subsection:

''(h) COORDINATION WITH SECTION 1034 DEFERRAL.—For deferral of gain from the sale of a principal residence in the case of a purchase of another qualified residence, see section 1034.''.

(B) Subsection (g) of section 121 (relating to residences acquired in rollovers under section 1034) is amended by striking ''(as in effect on the day before the date of the enactment of this section)''.

(2) EXTENSION OF PERIOD OF LIMITATION.—Section 6503 (relating to suspension of running of period of limitation) is amended—

(A) by redesignating subsection (k) as subsection (l), and

(B) by inserting after subsection (j) the following new subsection:

''(k) EXTENSION OF TIME FOR ASSESSMENT OF TAX LIABILITY ON GAIN FROM THE SALE OF CERTAIN PRINCIPAL RESIDENCES.—The running of any period of limitations for collection of any amount of tax liability on gain from the sale of a principal residence that is deferred under section 1034 shall be suspended for the period of any extension of time specified under section 1034(j).''.

(3) REDUCTION IN BASIS.—Subsection (a) of section 1016 (relating to general rule) is amended—

(A) by striking ''and'' at the end of paragraph (36),

(B) by striking the period at the end of paragraph (37) and inserting '', and'', and

(C) by adding at the end the following new paragraph:

''(38) to the extent provided in section 1034(a)(2).''.

(c) CLERICAL AMENDMENT.—The table of sections for part III of subchapter O of chapter 1 of subtitle A (relating to common nontaxable exchanges) is amended by inserting after the item relating to section 1033 the following new item:

''Sec. 1034. Deferral of gain on sale of certain principal residences.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to sales in taxable years beginning after the date of the enactment of this Act.

SEC. 197. AMOUNT EXCLUDED FROM SALE OF PRINCIPAL RESIDENCE INDEXED FOR INFLATION.

(a) IN GENERAL.—Section 121 is amended by adding at the end the following new subsection:

''(h) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning after 2008, the $250,000 amount under subsection (b)(1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $1,000, such amount shall be rounded to the next lowest multiple of $1,000.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 121(b)(2) is amended—

(A) by striking ''Paragraph (1) shall be applied by substituting '$500,000' for '$250,000' '' and inserting ''The dollar amount under paragraph (1) shall be twice the dollar amount otherwise in effect under such paragraph'', and

(B) by striking ''$500,000'' in the heading and inserting ''INCREASED''.

(2) Section 121(b)(4) is amended by striking ''paragraph (1) shall be applied by substituting '$500,000' for '$250,000' '' and inserting ''the dollar amount under paragraph (1) shall be twice the dollar amount otherwise in effect under such paragraph''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales occurring after December 31, 2008.

SEC. 198. REPEAL OF PHASEIN FOR DOMESTIC PRODUCTION ACTIVITIES DEDUCTION.

(a) IN GENERAL.—Subsection (a) of section 199 (relating to income attributable to domestic production activities) is amended to read as follows:

''(a) ALLOWANCE OF DEDUCTION.—There shall be allowed as a deduction an amount equal to 9 percent of the lesser of—

''(1) the qualified production activities income of the taxpayer for the taxable year, or

''(2) taxable income (determined without regard to this section) for the taxable year.''.

(b) CONFORMING AMENDMENTS.—Section 199 is amended by striking ''subsection (a)(1)(B)'' each place it appears and inserting ''subsection (a)(2)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

TITLE II—KEEPING AMERICA COMPETITIVE

SEC. 201. SENSE OF CONGRESS REGARDING THE LEGISLATIVE INITIATIVES REQUIRED TO STRENGTHEN AND PROTECT THE WELL BEING OF OUR NATION'S CAPITAL MARKETS.

(a) FINDINGS.—Congress finds the following:

(1) America's capital markets are a foundation of our Nation's economic well being and security.

(2) Healthy capital markets foster investment in the United States economy, helping to sustain and create jobs.

(3) The American economy is fundamentally strong, but a correction in the residential housing market, credit turmoil, and high oil prices are hampering economic growth.

(4) American businesses and investors face ever increasing competition from international competitors and markets.

(5) Economic policies that maintain low tax rates on capital gains and dividends have historically fostered sustained growth in the American economy.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that—

(1) Congress should not pass legislation that would create new or greater uncertainty in the financial markets;

(2) Congress should not pass legislation that would serve to further constrict liquidity in the marketplace;

(3) Congress should not pass legislation that would make credit more expensive and less accessible in the United States than in other world markets;

(4) Congress should not pass legislation that would inhibit or impair capital formation and long-term investments;

(5) Congress should maintain existing tax policy regarding capital formation and long-term investment, except in the case of illegitimate tax shelter activity;

(6) Congress should pass legislation to extend permanently the 2001 and 2003 tax rate cuts, including the 15 percent capital gains and dividend rates, and to simplify and lower corporate tax rates; and

(7) Congress should promote the entrepreneurship and economic development fostered by long-term, private investment.

SEC. 202. DIRECTING THE SECURITIES AND EXCHANGE COMMISSION TO CONVENE A PUBLIC HEARING ON THE IMPACT OF EXCESSIVE LITIGATION.

(a) FINDINGS.—Congress finds that—

(1) companies listed on United States securities exchanges face the potential of extraordinary litigation costs that companies listed abroad do not;

(2) securities class action settlements in the United States for 2006 totaled $10,600,000,000 (not counting the Enron-related settlements of approximately $7,100,000,000), reflecting an increase of—

(A) 255 percent from 2004;

(B) more than 500 percent from 2000 (not including the $3,100,000,000 Cendant settlement); and

(C) an astonishing 7,000 percent from 1995;

(3) while many such claims are legitimate, the sheer number of cases and the staggering settlement amounts illustrate the growing impact of the tort system on the United States economy; and

(4) by contrast, such private shareholder class action suits do not exist in the United Kingdom and other European Union countries.

(b) PUBLIC HEARING.—Not later than 60 days after the date of enactment of this Act, the Chairman of the Securities and Exchange Commission (in this section referred to as the ''Commission'') shall convene a public hearing on the impact of excessive litigation on the competitiveness of companies listed on United States securities exchanges.

SEC. 203. DIRECTING THE COMMISSION TO ESTABLISH FORMAL PROCESSES AND PROCEDURES FOR COST-BENEFIT ANALYSES OF PROPOSED AND EXISTING RULES AND REGULATIONS.

(a) STUDY.—Not later than 180 days after the date of enactment of this Act, the Commission shall submit to Congress a study of its existing processes and procedures for conducting cost-benefit analyses of proposed and existing rules and regulations, and shall report to Congress on ways in which the Commission could perform more rigorous and informed cost-benefit analyses of such rules and regulations.

(b) PROPOSED RULE.—

(1) IN GENERAL.—Not later than 180 days after the date of submission to Congress of the report under subsection (a), the Commission shall issue a final rule to establish formal processes and procedures for conducting cost-benefit analyses of proposed and existing rules and regulations.

(2) CERTAIN CONTENT REQUIRED.—At a minimum, processes and procedures proposed by the Commission under this subsection shall include provisions directing the Commission—

(A) to assess all costs and benefits of available regulatory alternatives, including both quantifiable measures (to the extent that such measures can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider;

(B) to design its rules and regulations in the most cost-effective manner to achieve the regulatory objective, considering incentives for innovation, consistency, predictability, the costs of enforcement and compliance, and flexibility;

(C) to assess both the costs and the benefits of the intended rule or regulation and propose or adopt a rule or regulation only upon a reasoned determination that the benefits of the intended rule or regulation justify its costs;

(D) to base its decisions on the best reasonably obtainable economic and other information concerning the need for, and consequences of, the intended rule or regulation;

(E) to tailor its rules and regulations to impose the least possible burden on individuals, businesses of differing sizes, and other entities, consistent with obtaining the regulatory objectives, taking into account, among other things, and to the extent practicable, the cumulative costs; and

(F) to establish a process for reexamining existing rules and regulations, or, at a minimum, those rules and regulations that the Commission, industry participants, or others identify as imposing unjustifiable costs or competitive burdens, that shall be designed to determine whether the rules and regulations are working as intended, whether there are satisfactory alternatives of a less burdensome nature, and whether changes should be made.

(3) PERIODIC REVIEW.—Each rule and regulation of the Commission that is subject to review pursuant to paragraph (2)(F) shall be reviewed not less frequently than 2 years after the date of its issuance in final form, and once every 10 years thereafter.

SEC. 204. DIRECTING THE COMMISSION TO DEFINE "SMALLER PUBLIC COMPANY" TO PROVIDE CERTAINTY TO ISSUERS.

(a) RULE REVISION REQUIRED.—Not later than 90 days after the date of enactment of this Act, the Commission, pursuant to its authority to amend rules of the Public Company Accounting Oversight Board under section 107 of the Sarbanes-Oxley Act of 2002, shall revise Auditing Standard No. 5 of the Oversight Board, as in effect on the date of enactment of this Act, to include a definition of the term ''smaller public company''.

(b) DEFINITION OF SMALLER PUBLIC COMPANY.—For purposes of the rule revision required under subsection (a), the term ''smaller public company'' shall mean an issuer for which an annual report is required by section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) that—

(1) has a total market capitalization at the beginning of the relevant reporting period of less than $700,000,000; and

(2) has total revenues for that reporting period of less than $250,000,000.

SEC. 205. MUTUAL RECOGNITION.

(a) FINDINGS.—Congress finds that—

(1) there is an ongoing and pressing need to update the United States financial regulatory structure to address the increasingly global nature of the financial marketplace;

(2) existing regulations on cross-border activities are outdated, and predate the revolution in communications technology and the accompanying transformations in global markets;

(3) existing regulations on cross-border activities are complex, inefficient, not flexible enough to meet modern market needs, and have the effect of chilling innovation and imposing significant and unnecessary burdens on United States investors;

(4) the Commission has delayed the timetable for Commission action on key elements of reexamining and developing new approaches to cross-border regulation, including much needed reform to Commission rule 240.15a–6 of title 17, Code of Federal Regulations, as in effect on the date of enactment of this Act, and potential recognition of foreign regulatory regimes; and

(5) such delay postpones the regulatory changes needed to eliminate unnecessary inefficiencies from international financial transactions, and poses an increasingly significant risk to the effective modernization and competitiveness of United States capital markets.

(b) MODERNIZATION OF CROSS-BORDER RULES APPLICABLE TO BROKERS AND DEALERS.—

(1) IN GENERAL.—The Commission shall, by rule, exempt any foreign broker or dealer from the registration requirements of the Securities Exchange Act of 1934, and any other regulation applicable to registered or unregistered brokers or dealers, to the extent that the foreign broker or dealer effects transactions in securities with or for, or induces or attempts to induce the purchase or sale of any security by—

(A) a qualified investor, as defined in section 3(a)(54) of the Securities Exchange Act of 1934;

(B) an investor that is a resident outside of the United States; and

(C) any person described in Commission rule 240.15a–6(a)(4) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(2) DEFINITION OF FOREIGN BROKER OR DEALER.—As used in this section, the term ''Foreign broker or dealer'' has the same meaning as in section 240.15a-6(b)(3) of title 17, Code of Federal Regulations, as in effect on the date of enactment of this Act.

(3) REGULATORY AUTHORITY.—The Commission may, upon a finding that such action is necessary to protect United States investors and consistent with this section, require a foreign broker or dealer and its associated persons—

(A) to file documentation to establish that the foreign broker or dealer and its associated persons are not subject to statutory disqualification;

(B) to consent to service of process for any civil action brought by or proceeding before the Commission or a self-regulatory organization; and

(C) to agree to provide any information or documents that the Commission reasonably requests, relating to effecting transactions in securities with or for, or inducing or attempting to induce the purchase or sale of any security by persons described in subparagraphs (A) through (C) of paragraph (1), subject to limitations recognizing potential conflicts with applicable foreign laws or regulations.

(4) LIMITATION ON STATE ACTION.—No State or political subdivision thereof, or any self-regulatory organization, may impose any registration, licensing, qualification, or other legal requirement applicable to a foreign broker or dealer or associated person thereof that is exempt from Commission registration and regulation pursuant to this subsection, except that the State or political subdivision thereof, or such self-regulatory organization, may require the foreign broker or dealer to provide copies of any documents filed with the Commission, as described in this subsection.

(5) TIMING OF REGULATIONS.—Final regulations to carry out this subsection shall be issued by the Commission, and such regulations shall become effective, not later than 180 days after the date of enactment of this Act.

(c) MUTUAL RECOGNITION RULES.—

(1) IN GENERAL.—The Commission shall issue regulations designed to provide for a framework for mutual recognition of foreign regulatory regimes, so that foreign brokers, dealers, and exchanges shall be regulated based on regulation in their home country, and shall not be subject to duplicative regulatory requirements, except to the extent that the Commission finds necessary to protect United States investors.

(2) IMPLEMENTATION.—The Commission shall adopt regulations that provide an expeditious and transparent implementation mechanism for this section, based on objective qualification criteria and fixed timelines, that is designed to enable foreign brokers, dealers, and exchanges to operate in the United States and abroad based on regulation in their home country.

(3) LIMITATION.—The regulations required by this subsection—

(A) shall not require individualized review and approval process for foreign brokers, dealers, and exchanges to be eligible to rely on regulation in their home country, but shall permit such brokers, dealers, and exchanges to make a supplemental showing, on an individual exemptive basis, to demonstrate their qualifications to do business with relevant classes of investors; and

(B) may not create regulatory distinctions that limit trading of portfolios containing both United States and non-United States securities or impose other requirements that are inconsistent with the business objectives of investors.

(4) TIMING.—The Commission shall issue proposed regulations to carry out this subsection not later than 90 days after the date of enactment of this Act, and shall make such regulations effective reasonably promptly thereafter.

(5) EXEMPTION AUTHORITY.—The Commission may, by rule, provide for such exemptions to the provisions of this subsection as the Commission determines appropriate.

SEC. 206. SUPPORTING THE SECURITIES AND EXCHANGE COMMISSION REFORM EFFORTS TO SPEED THE PROCESS OF RULEMAKING FOR SELF REGULATORY ORGANIZATIONS.

(a) FINDINGS.—Congress finds that—

(1) United States capital markets are evolving quickly, and United States equity exchanges face increasing competition, both domestically and internationally;

(2) the Commission has recognized this transformation in the competitive landscape and announced a project to redesign the rule approval process for exchanges to make it more efficient;

(3) rather than approving rule filings by self regulatory organizations within the 35-day period prescribed under the Securities Exchange Act of 1934, the Commission has routinely requested that exchanges agree to extend deadlines while rules are weighed and considered within the agency, potentially resulting in years before exchange rule filings are finally approved;

(4) this antiquated and overly rigid regulatory model does not recognize the new realities of international competition among exchanges or new competition from innovative products that compete with traditional asset classes; and

(5) competitors to United States equity exchanges operate under different regulatory regimes, which can allow such competitors to adapt to rapidly changing business environments while United States exchanges are frozen in rule approval process review by the Commission for months or years.

(b) RULEMAKING.—The Commission shall promulgate rules under section 19 of the Securities Exchange Act of 1934, to speed the process of rulemaking to enable self-regulatory organizations to respond to competitive inequities and better meet customer needs. Such rules and other actions should be completed not later than 180 days after the date of enactment of this Act, and should predate or be coterminous with any foreign exchange mutual recognition regime established under this Act.

SEC. 207. ELIMINATE THE EXEMPTION FROM STATE REGULATION FOR CERTAIN SECURITIES DESIGNATED BY NATIONAL SECURITIES EXCHANGES.

Section 18(b)(1) of the Securities Act of 1933 (15 U.S.C. 77r(b)(1)) is amended—

(1) in subparagraph (A)—

(A) by striking ''or the American Stock Exchange, or listed, or authorized for listing,

on the National Market System of the Nasdaq Stock Market (or any successor to such entities)'' and inserting '', the American Stock Exchange, or the Nasdaq Stock Market (or any successor to such entities)''; and

(B) by inserting before the semicolon at the end the following: '', except that a security listed, or authorized for listing, on the New York Stock Exchange, the American Stock Exchange, or the Nasdaq Stock Market (or any successor to any such entity) shall not be a covered security if the exchange adopts listing standards pursuant to section 19(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78s(b)) that designates a tier or segment of such securities as securities that are not covered securities for purposes of this section and such security is listed, or authorized for listing, on such tier or segment''; and

(2) in subparagraph (B), by inserting ''covered'' after ''applicable to''.

SEC. 208. DIRECTING THE COMMISSION TO ACCELERATE FULL CONVERSION OF IFRS AND UNITED STATES GAAP.

(a) FINDINGS.—Congress finds that—

(1) the accounting framework applied in more than 100 countries around the world is the International Financial Reporting Standard (in this section referred to as ''IFRS'');

(2) a number of additional important United States trading partners, including Canada, Brazil, Chile, India, and South Korea, have announced dates to shift to IFRS; and

(3) the difficulty and expense of reconciling IFRS with generally accepted accounting principles employed in the United States (in this section referred to as ''GAAP''), the accounting framework within which companies whose shares are listed on United States exchanges must report their financial information, is among the highest hurdles for foreign companies considering a United States listing, and one of the most compelling incentives for foreign-based businesses to list their shares on exchanges based somewhere other than the United States.

(b) ACCELERATION OF EFFORT.—The Commission shall—

(1) accelerate efforts to offer to both United States- and foreign-based companies the option of reporting financial information using either IFRS or GAAP; and

(2) accelerate efforts with the Commission's foreign counterparts to achieve full conversion of IFRS and GAAP.

SEC. 209. PROMOTING MARKET ACCESS FOR FINANCIAL SERVICES.

(a) FINDINGS.—Congress finds that—

(1) there is a need to consistently monitor and increase Government advocacy for United States financial services firms' attempts to gain overseas financial market access;

(2) the presence of foreign financial services firms in the United States and their activities should be documented to find which countries' firms enjoy full market access in the United States, while their home governments deny national treatment to American financial services firms; and

(3) an analysis of the results achieved from the U.S.-China Strategic Economic Dialogue (referred to as ''SED'') and how such results specifically apply to United States financial services firms, including benchmarks and timeframes for future improvements, should be compiled to assess the efficacy of the negotiations.

(b) AMENDMENTS TO FINANCIAL REPORTS ACT.—The Financial Reports Act of 1988 (22 U.S.C. 5351 et seq.) is amended—

(1) in section 3602—

(A) in the section heading, by striking ''**QUADRENNIAL**'' and inserting ''**ANNUAL**'';

(B) by striking ''Not less frequently than every 4 years, beginning December 1, 1990'' and inserting ''Beginning July 1, 2008, and annually thereafter,''; and

(C) by striking ''to the Congress'' and inserting ''to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives''; and

(2) in section 3603—

(A) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(B) by inserting after subsection (a) the following:

''(b) REPORT ON SED.—

''(1) IN GENERAL.—The Secretary shall include in the initial report required under section 3602, a summary of the results of the most recent United States-China Strategic Economic Dialogue (in this subsection referred to as 'SED') and the results of the SED as it relates to promoting market access for financial institutions.

''(2) PROGRESS REPORT.—The reports required under section 3602 shall include a progress report on the implementation of any agreements resulting from the SED, a description of the remaining challenges, if any, in improving market access for financial institutions, and a plan, including benchmarks and time frames, for dealing with the remaining challenges.

''(3) SPECIFIC CONTENT.—Each report described in this subsection shall specifically address issues regarding—

''(A) foreign investment rules;

''(B) the problems of a dual-share stock market;

''(C) the openness of the derivatives market;

''(D) restrictions on foreign bank branching;

''(E) the ability to offer insurance (including innovative products); and

''(F) regulatory and procedural transparency.''.

TITLE III—PROTECTING HOMEOWNERS

SEC. 301. SUBPRIME REFINANCING LOANS THROUGH USE OF QUALIFIED MORTGAGE BONDS.

(a) USE OF QUALIFIED MORTGAGE BONDS PROCEEDS FOR SUBPRIME REFINANCING LOANS.—Section 143(k) of the Internal Revenue Code of 1986 (relating to other definitions and special rules) is amended by adding at the end the following:

''(12) SPECIAL RULES FOR SUBPRIME REFINANCINGS.—

''(A) IN GENERAL.—Notwithstanding the requirements of subsection (i)(1), the proceeds of a qualified mortgage issue may be used to refinance a mortgage on a residence which was originally financed by the mortgagor through a qualified subprime loan.

''(B) SPECIAL RULES.—In applying this paragraph to any case in which the proceeds of a qualified mortgage issue are used for any refinancing described in subparagraph (A)—

''(i) subsection (a)(2)(D)(i) shall be applied by substituting '12-month period' for '42-month period' each place it appears,

''(ii) subsection (d) (relating to 3-year requirement) shall not apply, and

''(iii) subsection (e) (relating to purchase price requirement) shall be applied by using the market value of the residence at the time of refinancing in lieu of the acquisition cost.

''(C) QUALIFIED SUBPRIME LOAN.—The term 'qualified subprime loan' means an adjustable rate single-family residential mortgage loan originated after December 31, 2001, and before January 1, 2008, that the bond issuer determines would be reasonably likely to cause financial hardship to the borrower if not refinanced.

''(D) TERMINATION.—This paragraph shall not apply to any bonds issued after December 31, 2010.''.

(b) INCREASED VOLUME CAP FOR CERTAIN BONDS.—

(1) IN GENERAL.—Subsection (d) of section 146 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(5) INCREASE AND SET ASIDE FOR HOUSING BONDS FOR 2008.—

''(A) INCREASE FOR 2008.—In the case of calendar year 2008, the State ceiling for each State shall be increased by an amount equal to $10,000,000,000 multiplied by a fraction—

''(i) the numerator of which is the population of such State (as reported in the most recent decennial census), and

''(ii) the denominator of which is the total population of all States (as reported in the most recent decennial census).

''(B) SET ASIDE.—

''(i) IN GENERAL.—Any amount of the State ceiling for any State which is attributable to an increase under this paragraph shall be allocated solely for one or more qualified purposes.

''(ii) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(I) the issuance of exempt facility bonds used solely to provide qualified residential rental projects, or

''(II) a qualified mortgage issue (determined by substituting '12-month period' for '42-month period' each place it appears in section 143(a)(2)(D)(i)).''.

(2) CARRYFORWARD OF UNUSED LIMITATIONS.—Subsection (f) of section 146 of such Code is amended by adding at the end the following:

''(6) SPECIAL RULES FOR INCREASED VOLUME CAP UNDER SUBSECTION (D)(5).—

''(A) IN GENERAL.—No amount which is attributable to the increase under subsection (d)(5) may be used—

''(i) for a carryforward purpose other than a qualified purpose (as defined in subsection (d)(5)), and

''(ii) to issue any bond after calendar year 2010.

''(B) ORDERING RULES.—For purposes of subparagraph (A), any carryforward of an issuing authority's volume cap for calendar year 2008 shall be treated as attributable to such increase to the extent of such increase.''.

(c) ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Clause (ii) of section 57(a)(5)(C) of the Internal Revenue Code of 1986 is amended by striking ''shall not include'' and all that follows and inserting ''shall not include—

''(I) any qualified 501(c)(3) bond (as defined in section 145), or

''(II) any qualified mortgage bond (as defined in section 143(a)) or qualified veteran's mortgage bond (as defined in section 143(b)) issued after the date of the enactment of this subclause and before January 1, 2011.''.

(2) CONFORMING AMENDMENT.—The heading for section 57(a)(5)(C)(ii) of the Internal Revenue Code of 1986 is amended by striking ''QUALIFIED 501(C)(3) BONDS'' and inserting ''CERTAIN BOND''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 302. EXPEDITIOUS DISTRIBUTION OF FUNDS ALREADY PROVIDED FOR MORTGAGE FORECLOSURE COUNSELING.

Upon certification by the Neighborhood Reinvestment Corporation under paragraph (4) under the heading ''Neighborhood Reinvestment Corporation—Payment to the Neighborhood Reinvestment Corporation'' of Public Law 110-161 that Housing and Urban Development or Neighborhood Reinvestment

Corporation-approved counseling intermediaries and State Housing Finance Agencies have the need for additional portions of the $180,000,000 provided therein for mortgage foreclosure mitigation activities in States and areas with high rates of mortgage foreclosures, defaults, or related activities beyond the initial awards, and the expertise to use such funds effectively, the Neighborhood Reinvestment Corporation shall expeditiously continue to award such funds as need and expertise is shown.

SEC. 303. CREDIT FOR PURCHASE OF HOMES IN OR NEAR FORECLOSURE.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to refundable credits) is amended by inserting after section 25D the following new section:

''SEC. 25E. CREDIT FOR PURCHASE OF HOMES IN OR NEAR FORECLOSURE.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—In the case of an individual who is a purchaser of a qualified principal residence during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to so much of the purchase price of the residence as does not exceed $15,000.

''(2) ALLOCATION OF CREDIT AMOUNT.—The amount of the credit allowed under paragraph (1) shall be equally divided among the 3 taxable years beginning with the taxable year in which the purchase of the qualified principal residence is made.

''(b) LIMITATIONS.—

''(1) DATE OF PURCHASE.—The credit allowed under subsection (a) shall be allowed only with respect to purchases made—

''(A) after February 29, 2008, and

''(B) before March 1, 2009.

''(2) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) for the taxable year.

''(3) ONE-TIME ONLY.—

''(A) IN GENERAL.—If a credit is allowed under this section in the case of any individual (and such individual's spouse, if married) with respect to the purchase of any qualified principal residence, no credit shall be allowed under this section in any taxable year with respect to the purchase of any other qualified principal residence by such individual or a spouse of such individual.

''(B) JOINT PURCHASE.—In the case of a purchase of a qualified principal residence by 2 or more unmarried individuals or by 2 married individuals filing separately, no credit shall be allowed under this section if a credit under this section has been allowed to any of such individuals in any taxable year with respect to the purchase of any other qualified principal residence.

''(c) QUALIFIED PRINCIPAL RESIDENCE.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified principal residence' means an eligible single-family residence that is purchased to be the principal residence of the purchaser.

''(2) ELIGIBLE SINGLE-FAMILY RESIDENCE.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'eligible single-family residence' means a single-family structure that is—

''(i) a new previously unoccupied residence for which a building permit is issued and construction begins on or before September 1, 2007, but only if such residence is purchased by the taxpayer directly from the person to whom such building permit was issued,

''(ii) an owner-occupied residence with respect to which the owner's acquisition indebtedness (as defined in section 163(h)(3)(B), determined without regard to clause (ii) thereof) is in default on or before March 1, 2008, or

''(iii) a residence with respect to which a foreclosure event has taken place and which is owned by the mortgagor or the mortgagor's agent, but only if such residence was occupied as a principal residence by the mortgagee for at least 1 year prior to the foreclosure event.

''(B) CERTIFICATION.—In the case of an eligible single-family residence described in subparagraph (A)(i), no credit shall be allowed under this section unless the purchaser submits a certification by the seller of such residence that such residence meets the requirements of such subparagraph.

''(d) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any purchase for which a credit is allowed under section 1400C.

''(e) RECAPTURE IN THE CASE OF CERTAIN DISPOSITIONS.—In the event that a taxpayer—

''(1) disposes of the qualified principal residence with respect to which a credit is allowed under subsection (a), or

''(2) fails to occupy such residence as the taxpayer's principal residence,

at any time within 36 months after the date on which the taxpayer purchased such residence, then the remaining portion of the credit allowed under subsection (a) shall be disallowed in the taxable year during which such disposition occurred or in which the taxpayer failed to occupy the residence as a principal residence, and in any subsequent taxable year in which the remaining portion of the credit would, but for this subsection, have been allowed.

''(f) SPECIAL RULES.—

''(1) JOINT PURCHASE.—

''(A) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of 2 married individuals filing separately, subsection (a) shall be applied to each such individual by substituting '$7,500' for '$15,000' in subsection (a)(1).

''(B) UNMARRIED INDIVIDUALS.—If 2 or more individuals who are not married purchase a qualified principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals in such manner as the Secretary may prescribe, except that the total amount of the credits allowed to all such individuals shall not exceed $15,000.

''(2) PURCHASE.—In defining the purchase of a qualified principal residence, rules similar to the rules of paragraphs (2) and (3) of section 1400C(e) (as in effect on the date of the enactment of this section) shall apply.

''(3) REPORTING REQUIREMENT.—Rules similar to the rules of section 1400C(f) (as so in effect) shall apply.

''(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a credit is allowed under this section with respect to the purchase of any residence, the basis of such residence shall be reduced by the amount of the credit so allowed.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 25D the following new item:

''Sec. 25E. Credit for certain home purchases.''.

SEC. 304. ENHANCED MORTGAGE LOAN DISCLOSURES.

(a) TRUTH IN LENDING ACT DISCLOSURES.—Section 128(b)(2) of the Truth in Lending Act (15 U.S.C. 1638(b)(2)) is amended—

(1) by inserting ''(A)'' before ''In the'';

(2) by striking ''a residential mortgage transaction, as defined in section 103(w)'' and inserting ''any extension of credit that is secured by the dwelling of a consumer'';

(3) by striking ''shall be made in accordance'' and all that follows through ''extended, or''; and

(4) by striking ''If the'' and all that follows through the end of the paragraph and inserting the following:

''(B) In the case of an extension of credit that is secured by the dwelling of a consumer, in addition to the other disclosures required by subsection (a), the disclosures provided under this paragraph shall—

''(i) state in conspicuous type size and format, the following: 'You are not required to complete this agreement merely because you have received these disclosures or signed a loan application.'; and

''(ii) be furnished to the borrower not later than 7 business days before the date of consummation of the transaction, and at the time of consummation of the transaction, subject to subparagraph (D).

''(C) In the case of an extension of credit that is secured by the dwelling of a consumer, under which the annual rate of interest is variable, or with respect to which the regular payments may otherwise be variable, in addition to the other disclosures required by subsection (a), the disclosures provided under this paragraph shall—

''(i) label the payment schedule as follows: 'Payment Schedule: Payments Will Vary Based on Interest Rate Changes';

''(ii) state the maximum amount of the regular required payments on the loan, based on the maximum interest rate allowed, introduced with the following language in conspicuous type size and format: 'Your payment can go as high as $_____', the blank to be filled in with the maximum possible payment amount;

''(iii) if the loan is an adjustable rate mortgage that includes an initial fixed interest rate—

''(I) state in conspicuous type size and format the following phrase: This loan is an adjustable rate mortgage with an initial fixed interest rate. Your initial fixed interest rate is AAA with a monthly payment of BBB until CCC. After that date, the interest rate on your loan will 'reset' to an adjustable rate and both your interest rate and payment could go higher on that date and in the future. For example, if your initial fixed rate ended today, your new adjustable interest rate would be DDD and your new payment EEE. If interest rates are one percent higher than they are today or at some point in the future, your new payment would be FFF. There is no guarantee you will be able to refinance your loan to a lower interest rate and payment before your initial fixed interest rate ends.;

''(II) the blank AAA in subparagraph (I) to be filled in with the initial fixed interest rate;

''(III) the blank BBB in subparagraph (I) to be filled in with the payment amount under the initial fixed interest rate;

''(IV) the blank CCC in subparagraph (I) to be filled in with the loan reset date;

''(V) the blank DDD in subparagraph (I) to be filled in with the adjustable rate as if the initial rate expired on the date of disclosure under subparagraph (B);

''(VI) the blank EEE in subparagraph (I) to be filled in with the payment under the adjustable rate as if the initial rate expired on the date of disclosure under subparagraph (B); and

''(VII) the blank FFF in subparagraph (I) to be filled in with the payment under the adjustable rate as if index rate on which the adjustable rate was one percent higher than

of the date of disclosure under subparagraph (B); and

''(iv) if the loan contains a prepayment penalty—

''(I) state in conspicuous type and format the following phrase: This loan contains a prepayment penalty. If you desire to pay off this loan before GGG, you will pay a penalty of HHH.;

''(II) the blank GGG in subparagraph (I) to be filled in with the date the prepayment penalty expires; and

''(III) the blank HHH in subparagraph (I) to be filled in with the prepayment penalty amount.

''(D) In any case in which the disclosure statement provided 7 business days before the date of consummation of the transaction contains an annual percentage rate of interest that is no longer accurate, as determined under section 107(c), the creditor shall furnish an additional, corrected statement to the borrower, not later than 3 business days before the date of consummation of the transaction.''.

(b) CIVIL LIABILITY.—Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended—

(1) in paragraph (2)(A)(iii), by striking ''not less than $200 or greater than $2,000'' and inserting ''$5,000, such amount to be adjusted annually based on the consumer price index, to maintain current value''; and

(2) in the penultimate sentence of the undesignated matter following paragraph (4)—

(A) by striking ''only for'' and inserting ''for'';

(B) by striking ''section 125 or'' and inserting ''section 122, section 125,'';

(C) by inserting ''or section 128(b),'' after ''128(a),''; and

(D) by inserting ''or section 128(b)'' before the period.

SEC. 305. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 5 YEARS; TEMPORARY SUSPENSION OF 90 PERCENT AMT LIMIT.

(a) IN GENERAL.—Subparagraph (H) of section 172(b)(1) of the Internal Revenue Code of 1986 is amended to read as follows:

''(H) 5-YEAR CARRYBACK OF CERTAIN LOSSES.—

''(i) TAXABLE YEARS ENDING DURING 2001 AND 2002.—In the case of a net operating loss for any taxable year ending during 2001 or 2002, subparagraph (A)(i) shall be applied by substituting '5' for '2' and subparagraph (F) shall not apply.

''(ii) TAXABLE YEARS ENDING DURING 2006, 2007, 2008, AND 2009.—In the case of a net operating loss for any taxable year ending during 2006, 2007, 2008, or 2009—

''(I) subparagraph (A)(i) shall be applied by substituting '5' for '2',

''(II) subparagraph (E)(ii) shall be applied by substituting '4' for '2', and

''(III) subparagraph (F) shall not apply.''.

(b) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS AND CARRYOVERS.—

(1) IN GENERAL.—Section 56(d) of the of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(3) ADDITIONAL ADJUSTMENTS.—For purposes of paragraph (1)(A), the amount described in clause (I) of paragraph (1)(A)(ii) shall be increased by the amount of the net operating loss deduction allowable for the taxable year under section 172 attributable to the sum of—

''(A) carrybacks of net operating losses from taxable years ending during 2006, 2007, 2008, and 2009, and

''(B) carryovers of net operating losses to taxable years ending during 2006, 2007, 2008, or 2009.''.

(2) CONFORMING AMENDMENT.—Subclause (I) of section 56(d)(1)(A)(i) of such Code is amended by inserting ''amount of such'' before ''deduction described in clause (ii)(I)''.

(c) ANTI-ABUSE RULES.—The Secretary of Treasury or the Secretary's designee shall prescribes such rules as are necessary to prevent the abuse of the purposes of the amendments made by this section, including anti-stuffing rules, anti-churning rules (including rules relating to sale-leasebacks), and rules similar to the rules under section 1091 of the Internal Revenue Code of 1986 relating to losses from wash sales.

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by subsection (a) shall apply to net operating losses arising in taxable years ending in 2006, 2007, 2008, or 2009.

(B) ELECTION.—In the case of a net operating loss for a taxable year ending during 2006 or 2007—

(i) any election made under section 172(b)(3) of the Internal Revenue Code of 1986 may (notwithstanding such section) be revoked before November 1, 2008, and

(ii) any election made under section 172(j) of such Code shall (notwithstanding such section) be treated as timely made if made before November 1, 2008.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years ending after December 31, 1995.

TITLE IV—REDUCING THE LITIGATION TAX

SEC. 401 LIMITATION ON PUNITIVE DAMAGES FOR SMALL BUSINESSES.

(a) DEFINITION OF COVERED SMALL BUSINESS.—In this section, the term ''covered small business'' means any unincorporated business, or any partnership, corporation, association, unit of local government, or organization—

(1) that has fewer than 25 full-time employees as of the date that the relevant civil action is filed; and

(2) the principal place of business of which is in a State other than the State where the relevant civil action is filed.

(b) GENERAL RULE.—Except as provided in subsection (c), in any civil action filed in a Federal or State court against a covered small business, punitive damages—

(1) may be awarded against that covered small business only if the court finds by clear and convincing evidence that conduct of that covered small business was—

(A) carried out with a conscious, flagrant indifference to the rights or safety of others; and

(B) the proximate cause of the harm that is the subject of the civil action; and

(2) shall not be awarded against that covered small business in an amount greater than $250,000.

(c) EXCEPTIONS.—This section shall not apply to a civil action if the court finds by clear and convincing evidence that—

(1) the covered small business acted with specific intent to cause the type of harm that is the subject of the civil action;

(2) the conduct of the covered small business constitute a criminal offense; or

(3) the conduct of the covered small business resulted in serious environmental degradation.

(d) APPLICATION BY THE COURT.—The limitation on punitive damages under this section shall be carried out by the court and shall not be disclosed to the jury, if any.

SEC. 402. REASONABLENESS REVIEW OF ATTORNEY'S FEES.

(a) IN GENERAL.—In any civil action in a Federal or State court in which the damages awarded to a party exceed $5,000,000, the court shall review the fees paid to any attorney for the prevailing party and ensure that those fees are reasonable in light of the hours of work actually performed by that attorney and the risk of nonpayment of fees assumed by that attorney when that attorney agreed to represent the party.

(b) UNREASONABLE FEES.—If a Federal or State court determines under subsection (a) that the fees paid to an attorney for a prevailing party are not reasonable, the court shall reduce the amount of that attorney's fees.

(c) ASSISTANCE.—A Federal or State court may, as appropriate, retain the services of an independent accounting firm to assist the court in conducting a review under this section.

SEC. 403. PARTIAL AWARD OF ATTORNEY'S FEES FOR UNREASONABLE LAWSUITS.

(a) IN GENERAL.—In any civil action described in subsection (b), a court shall award to a prevailing party 30 percent of the reasonable attorney's fees that were incurred by that prevailing party in connection with a claim described in subsection (b)(2) after the date on which the party asserting that claim knew or should have known of the facts that would require that claim to be dismissed because there was no genuine issue of material fact.

(b) CIVIL ACTIONS.—A civil action described in this subsection is a civil action—

(1) filed in a Federal court or against a party whose principal residence or place of business is in a State other than the State where the civil action is filed; and

(2) in which the court finds that no genuine issue of material fact exists with regard to a claim that would allow a reasonable juror to find in favor of the party presenting that claim.

SEC. 404. MANDATORY SANCTIONS FOR FRIVOLOUS LAWSUITS.

(a) IN GENERAL.—If a court of the United States (as that term is defined in section 451 of title 28, United States Code) determines, whether on a motion of a party or on its own motion, that there has been a violation of rule 11 of the Federal Rules of Civil Procedure in any civil action, the court shall impose upon the attorney, law firm, or pro se litigant that violated rule 11, or is responsible for such violation, an appropriate sanction.

(b) SANCTIONS.—A sanction imposed under this section—

(1) shall include an order to pay any other party to the relevant civil action the reasonable expenses incurred by that party as a direct result of the filing of the pleading, motion, or other paper that is the subject of the violation of rule 11 of the Federal Rules of Civil Procedure, including reasonable attorney's fees; and

(2) shall be sufficient to—

(A) deter the repetition of such conduct or comparable conduct by other similarly situated persons; and

(B) compensate any party injured by such conduct.

SEC. 405. BAR ON JUNK SCIENCE IN THE COURTROOM.

(a) IN GENERAL.—In any civil action filed in a Federal court or against a party whose principal residence or place of business is in a State other than the State where the civil action is filed, if scientific, technical, or other specialized knowledge will assist the fact finder to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may give testimony relating to that evidence or fact, in the form of an opinion or otherwise, if—

(1) the witness has disclosed, upon the request of the opposing party, those facts or

data upon which the testimony of the witness is based or that are material to the testimony of the witness;

(2) the testimony is based upon sufficient facts or data;

(3) the testimony is the product of reliable principles and methods; and

(4) the witness has applied the principles and methods reliably to the facts.

(b) REVIEW.—A trial court's application of subsection (a) shall be subject to de novo review.

By Mr. INHOFE (for himself, Mr. HARKIN, Mr. DORGAN, Mr. GRASSLEY, Mr. THUNE, and Mr. COBURN):

S. 2681. A bill to require the issuance of medals to recognize the dedication and valor of Native American code talkers; to the Committee on Banking, Housing, and Urban Affairs.

Mr. INHOFE. Mr. President, the legislation I am introducing now will award a Congressional Commemorative Medal to Code Talkers of the Choctaw, Comanche, and other tribes in recognition of their service during World Wars I and II. For five years I have worked to honor these heroes since first introducing the ''Code Talkers Recognition Act'' in March of 2003. Last year's measure gained passage in the Senate with 79 cosponsors and I look forward to the bill's success this session of Congress as well. Native American Code Talkers deserve nothing less.

Code Talkers from the Choctaw, Comanche and other tribes are true American heroes whose accomplishments have too long been forgotten. This legislation finally recognizes and honors a group of people who made a real difference in the fight for freedom during World Wars I and II. Their service on the front lines helped propel the allied forces to victory and saved countless lives in the process.

I look forward to working in coordination with Congressman DAN BOREN in the House of Representatives and all of my colleagues in the U.S. Senate to ensure passage of this legislation and finally pass long-overdue recognition of Native American Code Talkers.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 2681

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Code Talkers Recognition Act of 2008''.

SEC. 2. PURPOSE.

The purpose of this Act is to require the issuance of medals to express the sense of Congress that—

(1) the service of Native American code talkers to the United States deserves immediate recognition for dedication and valor; and

(2) honoring Native American code talkers is long overdue.

SEC. 3. FINDINGS.

Congress finds that—

(1) when the United States entered World War I, Native Americans were not accorded the status of citizens of the United States;

(2) without regard to that lack of citizenship, members of Indian tribes and nations enlisted in the Armed Forces to fight on behalf of the United States;

(3) the first reported use of Native American code talkers was on October 17, 1918;

(4)(A) during World War I, Choctaw code talkers were the first code talkers who played a role in United States military operations by transmitting vital communications that helped defeat German forces in Europe;

(B) because the language used by the Choctaw code talkers in the transmission of information was not based on a European language or on a mathematical progression, the Germans were unable to understand any of the transmissions;

(C) this was the first time in modern warfare that such a transmission of messages in a native language was used for the purpose of confusing an enemy;

(5) on December 7, 1941, Japan attacked Pearl Harbor, Hawaii, and Congress declared war the following day;

(6)(A) the Federal Government called on the Comanche Nation to support the military effort during World War II by recruiting and enlisting Comanche men to serve in the Army to develop a secret code based on the Comanche language;

(B) the Army recruited approximately 50 Native Americans for special native language communication assignments; and

(C) the Marines recruited several hundred Navajos for duty in the Pacific region;

(7)(A) during World War II, the United States employed Native American code talkers who developed secret means of communication based on native languages and were critical to winning the war; and

(B) to the frustration of the enemies of the United States, the code developed by the Native American code talkers proved to be unbreakable and was used extensively throughout the European theater;

(8) in 2001, Congress and President Bush honored Navajo code talkers with congressional gold medals for the contributions of the code talkers to the United States Armed Forces as radio operators during World War II;

(9) soldiers from the Assiniboine, Cherokee, Cheyenne, Chippewa/Oneida, Choctaw, Comanche, Cree, Crow, Hopi, Kiowa, Menominee, Meskwaki, Mississauga, Muscogee, Osage, Pawnee, Sac and Fox, Seminole, and Sioux (Lakota and Dakota) Indian tribes and nations also served as code talkers during World War II;

(10) the heroic and dramatic contributions of Native American code talkers were instrumental in driving back Axis forces across the Pacific during World War II; and

(11) Congress should provide to all Native American code talkers the recognition the code talkers deserve for the contributions of the code talkers to United States victories in World War I and World War II.

SEC. 4. DEFINITIONS.

In this Act:

(1) CODE TALKER.—The term ''code talker'' means a Native American who—

(A) served in the Armed Forces during a foreign conflict in which the United States was involved; and

(B) during the term of service of the Native American, participated in communication using a native language.

(2) RECOGNIZED TRIBE.—The term ''recognized tribe'' means any of the following Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)):

(A) Assiniboine.

(B) Chippewa and Oneida.

(C) Choctaw.

(D) Comanche.

(E) Cree.

(F) Crow.

(G) Hopi.

(H) Kiowa.

(I) Menominee.

(J) Mississauga.

(K) Muscogee.

(L) Sac and Fox.

(M) Sioux.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

SEC. 5. CONGRESSIONAL GOLD MEDALS.

(a) AWARD AUTHORIZATION.—The Speaker of the House of Representatives and the President pro tempore of the Senate shall make appropriate arrangements for the award, on behalf of Congress, of gold medals of appropriate design in recognition of the service of Native American code talkers of each recognized tribe.

(b) DESIGN AND STRIKING.—

(1) IN GENERAL.—The Secretary shall strike the gold medals awarded under subsection (a) with appropriate emblems, devices, and inscriptions, as determined by the Secretary.

(2) DESIGNS OF MEDALS EMBLEMATIC OF TRIBAL AFFILIATION AND PARTICIPATION.—The design of a gold medal under paragraph (1) shall be emblematic of the participation of the code talkers of each recognized tribe.

(3) TREATMENT.—Each medal struck pursuant to this subsection shall be considered to be a national medal for purposes of chapter 51 of title 31, United States Code.

(c) ACTION BY SMITHSONIAN INSTITUTION.—The Smithsonian Institution—

(1) shall accept and maintain such gold medals, and such silver duplicates of those medals, as recognized tribes elect to send to the Smithsonian Institution;

(2) shall maintain the list developed under section 6(1) of the names of Native American code talkers of each recognized tribe; and

(3) is encouraged to create a standing exhibit for Native American code talkers or Native American veterans.

SEC. 6. NATIVE AMERICAN CODE TALKERS.

The Secretary, in consultation with the Secretary of Defense and the recognized tribes, shall—

(1)(A) determine the identity, to the maximum extent practicable, of each Native American code talker of each recognized tribe;

(B) include the name of each Native American code talker identified under subparagraph (A) on a list, to be organized by recognized tribe; and

(C) provide the list, and any updates to the list, to the Smithsonian Institution for maintenance under section 5(c)(2); and

(2) determine whether any Indian tribe that is not a recognized tribe should be eligible to receive a gold medal under this Act.

SEC. 7. DUPLICATE MEDALS.

(a) SILVER DUPLICATE MEDALS.—

(1) IN GENERAL.—The Secretary shall strike duplicates in silver of the gold medals struck under section 5(b), to be awarded in accordance with paragraph (2).

(2) ELIGIBILITY FOR AWARD.—

(A) IN GENERAL.—A Native American shall be eligible to be awarded a silver duplicate medal struck under paragraph (1) in recognition of the service of Native American code talkers of the recognized tribe of the Native American, if the Native American served in the Armed Forces as a code talker in any foreign conflict in which the United States was involved during the 20th century.

(B) DEATH OF CODE TALKER.—In the event of the death of a Native American code talker who had not been awarded a silver duplicate medal under this subsection, the Secretary may award a silver duplicate medal to the next of kin or other personal representative of the Native American code talker.

(C) DETERMINATION.—Eligibility for an award under this subsection shall be determined by the Secretary in accordance with section 6.

(b) BRONZE DUPLICATE MEDALS.—The Secretary may strike and sell duplicates in bronze of the gold medals struck under section 5(b), in accordance with such regulations as the Secretary may prescribe, at a price sufficient to cover—

(1) the costs of striking the bronze duplicates, including labor, materials, dyes, use of machinery, and overhead expenses; and

(2) the costs of striking the silver duplicate and gold medals under subsection (a) and section 5(b), respectively.

SEC. 8. AUTHORITY TO USE FUND AMOUNTS; PROCEEDS OF SALE.

(a) AUTHORITY TO USE FUND AMOUNTS.—There are authorized to be charged against the United States Mint Public Enterprise Fund such amounts as are necessary to pay for the cost of the medals struck pursuant to this Act.

(b) PROCEEDS OF SALE.—Amounts received from the sale of duplicate bronze medals authorized under section 7(b) shall be deposited into the United States Mint Public Enterprise Fund.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 464—DESIGNATING MARCH 1, 2008 AS ''WORLD FRIENDSHIP DAY''

Mr. ISAKSON (for himself and Mr. CARPER) submitted the following resolution; which was considered and agreed to:

S. RES. 464

Whereas it should be the goal of all Americans to promote international understanding and good will;

Whereas personal friendships among individual citizens can foster greater understanding among nations and cultures;

Whereas people all over the world have travelled or opened their homes as hosts in order to promote international understanding;

Whereas nonprofit organizations such as Friendship Force International, which was founded in Atlanta, Georgia, in 1977, have helped to promote such international exchanges;

Whereas, today, there are more than 35,000 members of Friendship Force International in 40 States and 58 foreign countries who are building bridges across the cultural barriers that separate people; and

Whereas, in order to celebrate on an annual basis the cause of peace through international understanding, March 1, 2008 should be recognized as World Friendship Day: Now, therefore, be it

Resolved, That the Senate—

(1) honors those who promote international understanding and good will in the world; and

(2) designates March 1, 2008 as ''World Friendship Day'', and asks people everywhere to mark and celebrate the day appropriately.

SENATE RESOLUTION 465—DESIGNATING MARCH 3, 2008, AS ''READ ACROSS AMERICA DAY''

Mr. REED (for himself and Ms. COLLINS) submitted the following resolution; which was considered and agreed to:

S. RES. 465

Whereas reading is a basic requirement for quality education and professional success, and is a source of pleasure throughout life;

Whereas the people of the United States must be able to read if the United States is to remain competitive in the global economy;

Whereas Congress, through the No Child Left Behind Act of 2001 (Public Law 107–110) and the Reading First, Early Reading First, and Improving Literacy Through School Libraries programs, has placed great emphasis on reading intervention and providing additional resources for reading assistance; and

Whereas more than 50 national organizations concerned about reading and education have joined with the National Education Association to use March 3 to celebrate reading and the birth of Theodor Geisel, also known as Dr. Seuss: Now, therefore, be it

Resolved, That the Senate—

(1) designates March 3, 2008, as ''Read Across America Day'';

(2) honors Theodor Geisel, also known as Dr. Seuss, for his success in encouraging children to discover the joy of reading;

(3) honors the 11th anniversary of Read Across America Day;

(4) encourages parents to read with their children for at least 30 minutes on Read Across America Day in honor of the commitment of the Senate to building a Nation of readers; and

(5) encourages the people of the United States to observe the day with appropriate ceremonies and activities.

SENATE RESOLUTION 466—HONORING THE LIFE OF WILLIAM F. BUCKLEY, JR

Mr. CORNYN (for himself, Mr. DEMINT, Mr. LIEBERMAN, Mr. VITTER, Mr. MCCONNELL, Mr. COLEMAN, Mr. MARTINEZ, Mr. HATCH, Mr. ENSIGN, Mrs. HUTCHISON, and Mr. MCCAIN) submitted the following resolution; which was considered and agreed to:

S. RES. 466

Whereas William F. Buckley, Jr. was born on November 24, 1925, in New York City, the 6th of 10 children in a devoutly Catholic family;

Whereas William Buckley studied at the University of Mexico before serving his country in the Army and then later graduating with a B.A. with honors (in political science, economics, and history) from Yale University in 1950;

Whereas William Buckley worked briefly for the Central Intelligence Agency;

Whereas, at the young age of 25, William Buckley published his first popular book entitled ''God and Man at Yale'';

Whereas William Buckley has since gone on to write more than 55 books and edit 5 more, which include ''Let Us Talk of Many Things: the Collected Speeches'', the novel ''Elvis in the Morning'', and his literary autobiography, ''Miles Gone By'';

Whereas he has written more than 4,500,000 words across over 5,600 biweekly newspaper columns, ''On the Right'';

Whereas William Buckley founded the popular and influential National Review magazine in 1955, a respected journal of conservative thought and opinion;

Whereas William Buckley wrote in the first issue of National Review that in founding the magazine, it ''stands athwart history, yelling Stop, at a time when no one is inclined to do so, or to have much patience with those who so urge it'';

Whereas William Buckley served as editor of National Review for 35 years from its founding in 1955 until his announced retirement in 1990 and as editor-at-large until his death on February 27, 2008;

Whereas, in 1965, William Buckley ran for Mayor of New York City and received 13.4 percent of the vote on the Conservative Party ticket;

Whereas William Buckley was host of the Emmy-award winning and long-running ''Firing Line'', a weekly television debate program with such notable guests as Barry Goldwater, Margaret Thatcher, Jimmy Carter, Ronald Reagan, and George H.W. Bush;

Whereas the New York Times noted that ''Mr. Buckley's greatest achievement was making conservatism—not just electoral Republicanism, but conservatism as a system of ideas—respectable in liberal post-World War II America. He mobilized the young enthusiasts who helped nominate Barry Goldwater in 1964, and saw his dreams fulfilled when Reagan and the Bushes captured the Oval Office'';

Whereas as well-known columnist George Will once said, ''before there was Ronald Reagan there was Barry Goldwater, before there was Goldwater there was National Review, and before there was National Review there was William F. Buckley'';

Whereas William Buckley received the Presidential Medal of Freedom in 1991;

Whereas William Buckley has received numerous other diverse awards, including Best Columnist of the Year, 1967, Television Emmy for Outstanding Achievement, 1969, the American Book Award for Best Mystery (paperback) for ''Stained Glass'', 1980; the Lowell Thomas Travel Journalism Award, 1989, the Adam Smith Award, Hillsdale College, 1996, and the Heritage Foundation's Clare Booth Luce Award, 1999;

Whereas William Buckley spent over 56 years married to the former Patricia Alden Austin Taylor, a devoted homemaker, mother, wife, and philanthropist, before her passing in April 2007;

Whereas William Buckley passed away on February 27, 2008, and is survived by his son, Christopher, of Washington, D.C., his sisters Priscilla L. Buckley, of Sharon, Connecticut, Patricia Buckley Bozell, of Washington, D.C., and Carol Buckley, of Columbia, South Carolina, his brothers James L., of Sharon, and F. Reid, of Camden, South Carolina, a granddaughter, and a grandson;

Whereas William Buckley is recognized as a towering intellect, a man who, in the words of Ronald Reagan, ''gave the world something different,'' and, most of all, a true gentleman who encountered everything he did with grace, dignity, optimism, and good humor: Now, therefore, be it

Resolved, That the Senate—

(1) honors the life of William F. Buckley, Jr. for his lifetime commitment to balanced journalism, his devotion to the free exchange of ideas, his gentlemanly and well-respected contributions to political discourse, and his extraordinary positive impact on world history;

(2) mourns the loss of William F. Buckley, Jr. and expresses its condolences to his family, his friends, and his colleagues; and

(3) respectfully requests the Secretary of the Senate to transmit an enrolled copy of this resolution to the family of William F. Buckley, Jr.

SENATE RESOLUTION 467—HONORING THE LIFE OF MYRON COPE

Mr. CASEY (for himself and Mr. SPECTER) submitted the following resolution; which was referred to the Committee on the Judiciary: